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APR 3 1964
JOHN F. DAVIS, CLERK

No. 106

IN THE

Supreme Court of the United States

OCTOBER TERM, 1963

COMPCO CORPORATION,
Petitioner,

vs.

DAY-BRITE LIGHTING, INC.,
Respondent.

RESPONDENT'S PETITION FOR REHEARING

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The Schaffer Press, Inc.—ANdover 3-6850

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RESPONDENT'S PETITION FOR REHEARING

Respondent, Day-Brite Lighting, Inc., respectfully petitions the Court for a rehearing and reconsideration of the Court's Decision and Opinion of March 9, 1964 for the reasons which follow.

THE COURT'S DECISION, PAGE 3, CONTAINS A CLEAR MISSTATEMENT OF FACT WHICH PETITIONER URGED UPON THE COURT BY IMPROPERLY BRINGING TO THE ORAL ARGUMENT ON JANUARY 16, 1964 AN EIGHT FOOT FIXTURE AND CONTAINER OF AN ACCUSED DEVICE.

The Compco fixture and container displayed to this Court during argument, which carried identifying marks, were not exhibits in the case. At no time was an accused

eight foot fixture or container introduced into evidence or made part of the record. The smaller four foot reflector introduced as Plaintiff's Exhibit five (5) had no label or other identifying marking thereon. The photographs in defendant's own catalogs (Pl. Exhs. 35, 36 and Def. Exhs. U-1, U-2) of the accused fixture show no label or other identifiable markings on their lighting fixtures. The Court, therefore, is not correct in stating that there was ". . . care taken by Compco to prevent customer confusion, including clearly labeling both the fixtures and the containers . . ."

The record admittedly shows certain testimony and a fixture which did bear a label identifying the accused fixture. Day-Brite has never asserted that there were no labels or identification on *any* of the accused fixtures, but Day-Brite has asserted that some of the accused fixtures bore no identification marks.

The Court's statement (p. 3) that "The Compco fixtures —hung at least fifteen feet above the floor and arranged end to end in a continuous line so that the identifying marks were hidden—" simply does not square with the facts. *If there were any identifying marks at all* on Compco fixtures, they would have been on the side of the fixtures (R. 209). However, the plant manager of the company purchasing the accused Compco fixtures took care to view the fixtures by getting on a lift truck to look at them (R. 69) and even after this close visual inspection still requested plaintiff, Day-Brite, to replace defective parts of the accused fixtures with Day-Brite fixtures. Obviously, these fixtures were either not marked or else were not sufficiently labeled by the copier "to prevent confusion of customers as to source of goods", which this Court states may be in violation of "valid state statutory or decisional law" (p. 5).

The fact that the containers in which the fixtures are shipped bear defendant's name or trade name does not constitute proper labeling or marking of the fixtures, since fixtures are not initially sold in the containers. The fixtures are sold by looking at them in displays or as installed and not while in containers. After an order for the fixtures has been placed, they are shipped directly from the factory to the customer in containers which are then discarded. Therefore, labeling the container of itself does not affect the decision to purchase the fixture and does not prevent confusion thereafter.

It is submitted that the courts below did take into account the lack of or the inadequate labeling or marking in rendering their decisions finding defendant guilty of unfair competition. However, if there be any doubt regarding whether defendant properly or improperly labeled or marked or in fact did not label or mark its fixtures, then this case should be remanded to the District Court to make appropriate findings in accordance with this Court's opinion.

THE COURT'S DECISION IN THIS CASE GOES EVEN FURTHER THAN THE COPIER COMPCO OR THE GOVERNMENT HAD URGED IN ITS BRIEF AS AMICUS CURIAE.

The government's Brief urged that Compco be required to identify its products to prevent deception. Both the government and Day-Brite brought out that at least some of the accused fixtures contained no identification whatever. The government Brief stated as a conclusion on page 14:

> "That the district court findings in the Compco case, upheld by the court of appeals, justified relief against the unfair competition found, but that the case should

be remanded to provide less stringent relief than the broad injunction, *such as requiring Compco to clearly label its products.*" (emphasis added)

The government conceded that there was (1) a valid and proper law of unfair competition in the State of Illinois, and (2) that state unfair competition laws may prohibit copying if the public is likely to be confused as to the source.

From the oral argument in this case on January 16, 1964 and the Court's Decision, it is apparent that a state may have "valid statutory or decisional law requiring the copier to label or take other precautions to prevent confusion of customers as to the source of the goods." (p. 5) This is precisely Day-Brite's position. Day-Brite seeks to have Compco identify its fixtures or to take precautions to prevent confusion of customers as to the source of said goods. Both lower courts found a secondary meaning or a protectable right on behalf of Day-Brite and that confusion had taken place. These decisions were based on decisional law of the State of Illinois recited in the Court of Appeals decision.

Compco implied to this Court that all of its fixtures and containers were marked, but in fact they were not. Page 2 of Petitioner's Reply Brief shows certain pictures which may have misled this Court just as Compco has misled the public as to the source of its fixtures.

Accordingly, Day-Brite requests, at least, that which the government itself had urged; namely, that the injunction at least require Compco to label its fixtures so that they will clearly and unmistakably indicate that they are made by Compco and not Day-Brite. This is also in accordance with the decision of this Court in the *Singer* case, 163 US 169 (1896).

THE COURT'S DECISION HAS NO PRECEDENT IN ITS OWN PRONOUNCEMENTS AND IS AT VARIANCE WITH ITS OWN PRIOR DECISIONS.

There is no fundamental right, constitutional or otherwise, of a manufacturer to copy a device to the last detail and sell such goods without clearly and unmistakably identifying the manufacturer. Nor can this Court point to any "patent laws" requiring or even inferring the application of this new and unprecedented decisional law. This Court cannot and does not support its statement "Here Day-Brite's fixture has been held not to be entitled to a design or mechanical patent. Under the patent laws it is, therefore, in the public domain and can be copied in every detail by whoever pleases." (p. 4) The Court's decision ignores completely the federal law of trademarks where goods have been held to be protectable under the Trademark Act of 1946 (*Lanham Act*, 15 USC 1051), even though the identical product is also covered by a design patent. The holding of the latest case on this point in the highest administrative tribunal is found in *In re Mogen David Wine Corporation*, 140 USPQ 575 (CCPA, March 12, 1964), where the Court stated that a wine bottle was protectable under the trademark laws (Principal Register) regardless of whether or not a design patent also covered the identical wine bottle.

The Court of Appeals below stated that the right of Day-Brite under the law of unfair competition in Illinois was akin to that of a "trademark" which is a "protectable right" (R. 328). Even this Court repeated the finding of the trial court "that the configuration of Day-Brite's fixture identified Day-Brite to the trade because the arrangement of the ribbing had, *like a trademark*, acquired a 'secondary meaning' by which that particular design was asso-

ciated with Day-Brite" (p. 4, emphasis added). Despite this statement, the Court nonetheless failed to apply the federal statutory and decisional law of trademarks when substantive trademark rights accrue through adoption and use and not by registration. *Armstrong* v. *Nu Enamel*, 305 US 315 (1938).

There has been no decision nor pronouncement by this Court that the application of federal statutory or decisional trademark law is in conflict with federal statutory patent or copyright law. As a matter of fact, it would appear from the *rationale* of *Mazer* v. *Stein*, 347 US 201 (1954), that there would be no conflict inasmuch as that Court held that there was no conflict between the overlapping of protection under the copyright and design patent laws.

This Court, in its decision, has not touched upon this important consideration. Since the courts below have seen fit to treat the protection of Day-Brite's design like a trademark and have applied under the doctrine of unfair competition this "protectable" right to Day-Brite, this Court should grant this Petition for Rehearing to settle what is an apparent oversight by the Court in its decision.

This Court would be in conformity with its earlier prior decision in affording this protectable right where it stated in *Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. 111, 120 (1938), that the defendant Kellogg was

> "free to use the pillow-shaped form, subject only to the obligation to identify its product lest it be mistaken for that of the plaintiff".

It would seem only fair and equitable that the closer the copy the greater the duty to mark the goods clearly and unmistakably. Unmarked goods are capable of being

passed or palmed off[1] without any verbal statement, since the public upon seeking the identical goods simply assumes that they are the original and not the copy. Confusion is especially prevalent in cases, such as the present case, wherein the original design of the goods has acquired a "secondary meaning" to the public.

THE COURT'S DECISION EMASCULATES THE DOCTRINE OF UNFAIR COMPETITION RELATIVE TO PATENTS, TRADEMARKS, AND COPYRIGHTS.

Compco admits that "The Kellogg case is still the law", Brief for Petitioner, p. 26. In the *Kellogg* case, 305 U.S. 111 (1938), the original defendant Kellogg was held "free to use the pillow-shaped form, subject only to the obligation to identify its product lest it be mistaken for that of the plaintiff" (p. 120). Requiring Compco to clearly and unmistakably identify its goods would simply follow the decisions of this Court. *Singer Mfg. Co.* v. *June Mfg. Co.*, 163 U.S. 169 (1896); and *Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. 111 (1938).

In effect, the Court's decision wipes out the law of unfair competition relative to patents, trademarks and copyrights. This Court, until now, and numerous lower courts have all recognized the existence of unfair competition even though honest men may differ as to what constitutes unfair competition in a particular case. No case has to our knowledge gone so far as to hold that because the goods were patented or might be patented that exclusive federal jurisdiction attaches so as to preclude completely the application of any state law of unfair competition. Even the Federal Rules of Civil Procedure recognize that in statutory federal matters there can be unfair competition. Complaint Form No. 17 of the

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[1] "palming off" is not required under the laws of the State of Illinois, as the Court of Appeals below clearly pointed out (R. 327, 328).

Federal Rules is entitled "Complaint for Infringement of Copyright and Unfair Competition". Under the present decision, a copyright holder must prevail on his copyright or else he has no complaint whatever. The mere obtaining of a copyright should not of itself wipe out the copyright owner's common law rights against unfair competition. The same rationale applies to patents and trademarks.

We find it hard to believe that this Court meant to abolish the laws of unfair competition painstakingly built up over several centuries under common law. Unless this Court's decision is clarified it will be used as the stepping stone for unethical and sharp business practices or what has been referred to in publications since this decision as abetting "knock-off" artists.

THE COURT'S DECISION INDICATES THAT NO INVENTOR IS INVOLVED HEREIN, SO THE GRANT FROM THE STATES TO THE FEDERAL GOVERNMENT OF THE RIGHT TO ISSUE PATENTS SHOULD NOT BE CONSTRUED AS A DEDICATION OF A STATE'S RIGHT TO PREVENT UNFAIR COMPETITION.

There are numerous property rights under the common law which courts protect even in the absence of a copyright patent. For example, courts have protected trade secrets and have prevented the passing-off of goods. In the present case, there was more than the manufacture of a fixture which fell within the scope of a design patent. Admittedly, if only a design patent were involved, which was declared invalid, then Day-Brite would have no complaint at this time against Compco. However, Count II relating to unfair competition was completely independent of Count I and stood on its own feet, namely, a showing of a product with built-in identification which had acquired a similar meaning and actual confusion in the trade.

Had there been no design patent, Count II would have stated a claim upon which relief could have been granted in a state court under the doctrine of unfair competition. However, because there was a design patent involved which was presumed to be valid and which others had respected, suit was filed against this defendant, Compco, on both design patent infringement and unfair competition. The unfair competition arose because the particular design was original (although subsequently held not to involve patentable invention), had acquired a secondary meaning, and upon which actual confusion had resulted (even though likelihood of confusion is all that is required under Illinois law).

It should be obvious why Compco wants to make a copy and have the "right" not[1] to apply labels to its fixtures. Manufacturers of cheap brake linings, safety equipment, gas and electrical equipment, and thousands of other manufacturers of inferior or potentially dangerous goods are happy to learn that they can now make their goods appear to be identical "in every detail" with quality goods and be able to sell such inferior and dangerous goods side by side with the quality goods without having to identify their goods in any way.

Until the present Decision, the law of unfair competition would prevent this, or at least, makers of inferior goods were deterred in their action because of the possibility that they might be held accountable for their wrong doing. The present Decision relieves their minds and opens the flood gates for inferior goods which are unmarked and impossible to detect from quality goods, except by experts or after the inferior goods have broken down.

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[1] This is the clear inference of this Court's decision since Illinois does not have any law requiring applicable labeling.

CONCLUSION

It is submitted that the breadth of the Court's Decision should be reconsidered and the Court's Decision should be modified to make it clear and unmistakable that the common law doctrine of unfair competition has not been emasculated and that copiers at least are required to clearly and unmistakably label their products. The Court's Decision should be modified accordingly and cause remanded to require Compco, as the government contends, to clearly and unmistakably label its fixtures.

Respectfully submitted,

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CERTIFICATE

Owen J. Ooms certifies that the foregoing Petition is presented in good faith and not for the purposes of delay, and that he believes it to be well founded in fact.

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Owen J. Ooms